



NEWSLETTER

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May 2008

PROTECTING YOUR WARRANTY DOLLARS AGAINST UNFAIR CHARGE-BACKS

With the ever-increasing cost of performing warranty work—the addition of the new technician certification program, as a prime example—it is critical that your service department be especially alert to the many changes in warranty coverage that have occurred in recent years. Mistakes can mean costly charge-backs.

We have asked Brad Summers, our warranty specialist, to put together a list of warranty policies, which, from his vast experience, have caused some confusion in your service departments. He has prepared the enclosed summary, Bumper to Bumper + Coverage Clarification, to answer those questions most often asked by your training service personnel concerning warranty coverage. Feel free to make copies and distribute this summary to all at your dealership who might benefit from using it as a quick reference guide. Sales personnel can also benefit from this list when customers call for quick answers to service questions.

Please note that Brad Summers has over twenty years experience working with Ford and Lincoln-Mercury dealers. He is available to answer any general questions you may have concerning Warranty Policy and Administration. It is a free service the Ford Dealers Alliance provides to our membership through an arrangement with Summers Dealers Services. Please feel free to contact him with any questions you may have concerning warranty reimbursement. □



A CAUTIONARY TALE

The Transportation Assistance Program [TAP] has certainly evolved into yet another example of our manufacturer introducing a program intended to improve customer satisfaction at its expense and, ultimately, becoming our financial burden. As with most of these types of programs, customer expectation is increased only to have Ford's financial participation in the

program decrease. (Ford gives it and then takes it away.)

The dealer who wrote the letter below participated in this program for many years without a problem. Although he admits that his dealership could have done a better job with its record keeping, he participated in the program with integrity and honesty and offered to call all

of his customers to corroborate that indeed they had been issued a TAP vehicle during the time of their repair. The auditor was not interested.

We caution dealers that this is not an unusual story for us to hear from our members. The recent D-Plan

auditing frenzy comes immediately to mind. Please be careful when keeping records required by Ford Motor Company for warranty reimbursement, as well as these types of programs. Programs, in which Ford Motor Company participates financially, are subject to audit. □

Dealer Editorial Page

Dear Ford Dealers Alliance:

Our family has owned Ford and Lincoln-Mercury dealerships for the last 60 years. We most recently experienced a warranty, parts and service audit, our first in over 25 years. The auditor found a few technical issues over the 12-month period that he reviewed but nothing of any significant consequence. It quickly became apparent that his true audit intentions were to examine the Transportation Assistance Program, which we all know changed dramatically as of October 1, 2007. The result severely reduced the number of days allocated to the average Lincoln-Mercury dealer.

While our compliance to the new program was adequate from October on, prior to October when the auditor applied the new reimbursement standards, we failed in part due to sloppy bookkeeping on our part. The result is some \$80,000 in potential charge-backs for poor documentation for TAP days in the pre-October 1 period. This result energized the auditor to go review the TAP days of our other Lincoln-Mercury dealership during that same pre-October period and has given us a potential charge-back of \$30,000 at that store.

While we admit that we did not do as good a job with record keeping as we should have, the facts are that all during this period we had an inventory of 45 to 50 Lincoln-Mercury rental cars, which we use almost exclusively for the Transportation Assistance Program. We do it that way because our local Enterprise Rent-a-Car operation rarely has Lincolns and Mercurys to offer customers. We have, in fact, been using these cars for TAP days for as long as the program has been in place and never before have we had a problem. As a matter of fact, our parts and service representative has encouraged us to use all of our allocation of TAP days under threat of losing them. We have never used more than our allocation but have done a good job of utilizing the program. All of the luxury car manufacturers in this market offer not only transportation assistance but free valet service, as well. We enjoy over double the regional average in Lincoln-Mercury penetration in our market and pride ourselves on an excellent CSI. This charge-back is blatantly unfair and just another example of how Ford will find another way to pick the dealer's pocket. □

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